

Message Text

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ACTION AGR-08

INFO OCT-01 EUR-12 ISO-00 FEA-01 CEA-01 CIAE-00 COME-00

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FM AMEMBASSY ROME

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LIMITED OFFICIAL USE ROME 1206

SECSTATE PASS AGRICULTURE, COMMERCE AND STR

E.O. 11652: N/A

TAGS: EAGR, IT

SUBJECT: ITALIAN TOBACCO MONOPOLY

REF: (A) STATE 13879 (B) 75 ROME A-559 (C) 75 ROME 16086

1. LEGISLATION LIBERALIZING IMPORT AND WHOLESALE DISTRIBUTION OF TOBACCO PRODUCTS, REPORTED REFS. (A) AND (B), WAS ENACTED AND PUBLISHED IN OFFICIAL GAZETTE ON JANUARY 7, 1976.

2. EFFECTIVE THAT DATE, THE MONOPOLY IMPORTATION AND WHOLESALE DISTRIBUTION OF TOBACCO PRODUCTS HAS BEEN ABOLISHED. HENCEFORTH, TOBACCO PRODUCTS ORIGINATING IN OTHER COUNTRIES OF THE EUROPEAN COMMUNITY CAN BE IMPORTED AND DISTRIBUTED AT WHOLESALE IN ITALY. TO BE ELIGIBLE, PRODUCTS MUST HAVE BEEN PREVIOUSLY APPROVED BY THE MINISTRY OF FINANCE (MOF) FOR IMPORTATION INTO ITALY? OTHERWISE APPLICATION MUST BE MADE TO IMPORT NEW PRODUCTS. PRODUCTS MUST ALSO BE PACKAGED IN ACCORDANCE WITH AN EXISTING MOF DECREE AND LIMITED OFFICIAL USE

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DISTRIBUTED FROM WAREHOUSES APPROVED BY MOF. THE IMPORTED PRODUCTS

ARE SUBJECT TO A BORDER TAX EQUIVALENT TO THE EXISTING CONSUMPTION
TAX ON PRODUCTS MANUFACTURED IN ITALY.

3. EMBASSY RECOMMENDS WASHINGTON AGENCIES RECONSIDER INSTRUCTIONS
REF (A) SINCE LAW HAS BEEN ENACTED. IN EMBASSY VIEW, REPRESENTATION
TO HAVE LAW AMENDED TO APPLY TO ALL COUNTRIES WOULD BE BASED MAINLY
ON PRINCIPLE RATHER THAN ON U.S. COMMERCIAL INTEREST, AND ACCESSION
TO U.S. REQUEST MIGHT NOT BE WITHOUT PRICE IN TERMS OF TRADE
CONCESSIONS. U.S. PRINCIPAL TOBACCO INTEREST IS EXPORTATION TO ITALY
OF UNMANUFACTURED LEAF, WHICH CARRIES RELATIVELY LOW EC CXT, WHEREAS
FOR CIGARETTES AND CIGARS, THE CXT IS 90 PERCENT AND 52 PERCENT
RESPECTIVELY. CONSEQUENTLY, UNLESS TARIFF DEFFERENTIALS BETWEEN
PRODUCTS AND LEAF WERE NARROWED SUBSTATIALLY, EXPORTS OF MANUFACTURED
TOBACCO PRODUCTS INTO THE EC WILL LIKELY REMAIN SMALL, WITH EXPORTS OF

AMERICAN TOBACCO PRODUCTS INTO ITALY BEING MOSTLY FROM OTHER EC
COUNTRIES.

4. PARA 3 ABOVE NOTWITHSTANDING, LIBERALIZATION OF ITALIAN TOBACCO
TRADE SHOULD PROVE BENEFICIAL TO U.S. TOBACCO EXPORTS. NOT ONLY
IS IT POSSIBLE THAT MORE U.S. LEAF WILL BE IMPORTED INTO OTHER EC
COUNTRIES (ESPECIALLY FRG) FOR MANUFACTURE OF PRODUCTS FOR THE
ITALIAN MARKET, BUT ALSO THE ITALIAN MONOPOLY (STILL THE ONLY
MANUFACTURER) SHOULD BE STIMULATED TO IMPORT MORE U.S. LEAF FOR
BLENDING WITH ITALIAN LEAF TO PRODUCE PRODUCTS WHICH CAN COMPETE
QUALITYWISE WITH IMPORTS.

5. COPY OF DECREE LAW BEING POUCHED. VOLPE

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